



Part 1: News Analysis

Issue 8 (2008) February 15-21, 2008

In an uncanny display of public unrest this week, angry Turkmen citizens torched gasoline stations in various parts of the country to protest the government's unpopular gas price hike. Such violent outbursts are practically unknown in Turkmenistan, although media restrictions have prevented a full picture of the public's reaction to government policies. President Gurbanguly Berdimukhamedov decreed that prices would rise from roughly 16 US cents to 60 cents a gallon, although the first 120 liters will be available for free to motorists. Such gas rationing was a stark blow to Turkmen, accustomed to a state that has offered scant consumer goods or economic opportunities but has at least provided free or heavily subsidized gas, electricity, and staples.

Another presidential pardon of prisoners proved disappointing, as well-known political prisoners, such as former foreign minister Boris Shikmuradov, who has not been heard from since 2002, were not included in the list. Internationally renowned horse breeder Geldy Kyarizov was released, although only two months before his sentence was due to expire anyway. Human rights groups had long appealed for clemency for Kyarizov, who is in poor health. Activists Annakurban Amanklychev and Sapardurdy Khajiev, imprisoned since June 2006 on apparently fabricated charges, were also not mentioned.

The region continues to grapple with an energy crunch due to unseasonably cold weather. Turkmenistan appears ready to increase electricity deliveries to struggling Tajikistan; supplies will be boosted by Iran's decision to forego its own share of Turkmen power in favor of Tajikistan.

Relations with Iran remain tense, as the Iranian Foreign Ministry summoned Turkmenistan's top diplomat in Teheran to protest what it said was mistreatment of Iranian drivers during the current gas station turmoil. Iran continues to indicate that Turkmenistan will accept payment for gas delivery in euros, but Turkmenistan has not yet publicly consented.

Ukraine cancelled its contracts with RosUkrEnergo, a Swiss-registered company through which it obtained Turkmen gas. An official said Ukraine hopes to obtain the fuel directly from Turkmenistan in the future, although all of Ukraine's share of Turkmen gas is currently slated to go through Russian intermediaries. Ashgabat has made no comment on a possible deal with Ukraine, but is seeking to improve ties in other ways, approving two high-profile Ukrainian construction projects and the restoration of direct flights to Kyiv.

The Russian company Sroytransgaz has won the bid to build the Turkmen part of a Chinese-sponsored pipeline from Turkmenistan to China, slated to export 30 billion cubic meters annually for 30 years. The move illustrates the Turkmen government's continued policy of keeping Russia closely involved in its energy infrastructure projects. A Turkmen-Russian business council began meeting this week to try to resolve obstacles such as long visa waits and high fees for businesses. Despite such difficulties, Russian export to Turkmenistan has increased some 57 percent in the last year.

Moscow looks likely to remain Ashgabat's partner of choice in geopolitics and trade, even as Turkmenistan diversifies its contacts with other players. Turkmenistan intends to sign a \$9.2 million agreement with the German company Nokia Siemens Networks to add 100,000 mobile customers, while several Russian

companies complained that they are barred from the Turkmen market, with the exception of MTS, the current leader. The Omani-Canadian company Buried Hill Energy is preparing to launch seismic explorations of the Caspian shelf, Turkmen state media reported.

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1. INTERNATIONAL RELATIONS

a. Turkmenistan to Boost Electricity Supply To Tajikistan

Original title: *Turkmenistan Increases Electricity Supply to Tajikistan*

Source: *BBC Monitoring Central Asia/Avest/02/19/08. Synopsis prepared by OSI Turkmenistan Project.*

Synopsis: Turkmenistan has increased its supply of electricity to Tajikistan again, BBC Monitoring reported, citing the Tajik Energy and Industry Ministry via the independent Tajik news site Avesta. Avesta's source at the ministry said the boost in power was gained through Iran's offer to forego its own share of electricity deliveries from Turkmenistan and provide the surplus to Tajikistan. Electricity imports from Turkmenistan are to reach 7.5 kilowatt hours (kWh) per day, up from 3 to 3.5 kWh per day.

b. Iran Summons Turkmenistan Envoy

Source: *iranfocus.com/Mehr/02/19/08. Synopsis prepared by OSI Turkmenistan Project*

Full version: <http://www.iranfocus.com/modules/news/article.php?storyid=14243>

Synopsis: Iran's Foreign Ministry summoned Turkmenistan's top envoy in Teheran to receive complaints about alleged maltreatment of Iranian drivers at Turkmen gas stations, iranfocus.com reported, citing Iranian state media agency Mehr. Drivers have had to face an eight-fold increase in the cost of gasoline since the government announced price hikes last week. The Foreign Ministry also protested the treatment of several Iranians jailed in Ashgabat.

c. Angered at Turkmen Gas Cut, Iran Still Hoping for Imports

Original title: *Iran Angered by Turkmen Gas Cut, Still Wants Imports*

Source: *Guardian/Reuters/02/20/08. Synopsis prepared by OSI Turkmenistan Project*

Full version: <http://www.guardian.co.uk/feedarticle?id=7323201>

Synopsis: Turkmenistan's reduction of gas exports to Iran in December has prompted condemnation from Iran and threats to find other suppliers, but logistical demands may compel Teheran to continue dealing with

Turkmenistan, Reuters reported. Oil Minister Gholamhossein Nozari said in January that Iran would look for other suppliers, and this week Russian energy giant Gazprom agreed to take on some major new projects devoted to developing Iran's own gas reserves. Yet Iran has continued to indicate it wishes to deal with Turkmenistan, as long as it can pay in euros instead of dollars to avoid U.S. sanctions. "So far we have not replaced [Turkmenistan with other partners] and we have no plan to fully abandon Turkmenistan," Reuters quoted Ebadollah Ghanbari, spokesman for the National Iranian Gas Company, as saying. It is easier for Iran to import Turkmen gas to supply its northern regions than to deliver it from the Iranian south, say industry experts interviewed by Reuters. Iranian officials say Turkmenistan wishes to double the price of gas, though their Turkmen counterparts cite technical problems for the recent reduction.

d. Turkmenistan Resumes Air Flights to Ukraine

Source: *ITAR-TASS/02/20/08. Synopsis prepared by OSI Turkmenistan Project*

Synopsis: After a two-year hiatus, Turkmenistan is resuming passenger flights between Ashgabat and Kiev, ITAR-TASS reported, citing a statement from national airline Turkmenhowayollary.

The first flight is scheduled for February 28, with subsequent flights every Thursday. The suspension of air links between the two countries stemmed from past disagreements over currency exchange rates and payments for natural gas.

e. Ukraine Hopes to Hold Talks With Turkmenistan on Direct Gas Supply

Source: *Interfax-Ukraine/02/19/08. Synopsis prepared by OSI Turkmenistan Project*

Synopsis: The Ukrainian government hopes to hold talks with Turkmenistan to resume direct natural gas supplies to Ukraine, Interfax-Ukraine reported, citing Ukrainian Fuel and Energy Minister Yuriy Prodan.

"Ukraine wants to agree again on direct gas supplies from Turkmenistan, but there are serious problems there which are difficult to solve. The whole volume of gas [from Turkmenistan going to Ukraine] for 2008 has been contracted by Russia," Prodan said during a briefing in Kiev February 19, Interfax-Ukraine quoted him as saying.

Prodan said that while preparations talks were under way, no visits to Turkmenistan for negotiations have been made yet.

2. DOMESTIC DEVELOPMENTS

a. Turkmens Torch Gas Stations to Protest Gas Price Hikes

Original title: *Turkmenistan: Gas Rationing Stirs Rare Public Outrage*

Source: *Radio Liberty/Radio Free Europe/02/19/08. Copyright (c) 2008. RFE/RL, Inc. Reprinted with the permission of Radio Free Europe/Radio Liberty, 1201 Connecticut Ave., N.W. Washington DC 20036.*

Full version: <http://www.rferl.org/featuresarticle/2008/02/e9fe5e6e-1b34-46d9-87be-40e8d6ceb4d7.html>

The honeymoon appears to be over for Turkmen President Gurbanguly Berdymukhamedov. After raising gasoline prices in a painful move toward liberalizing the economy, the 50-year-old leader faces an angry public at home, one year into his first term.

The Turkmen people are known for being patient. Decades of dictatorship and isolation has a way of doing that. So reports that some Turkmen reacted to higher prices at the pump by torching gasoline stations came as something of a surprise, to say the least.

[Passage omitted: dictator Saparmurat Niyazov provided free gas, water, electricity, and salt.]

[Passage omitted: on popular anger and challenge to new president as he liberalizes economy.]

"In Mary Province, two gasoline stations were set on fire," a local woman tells RFE/RL's Turkmen Service, adding that anger and despair prompted people to set gas stations on fire. "Before the price hike, there were huge crowds of people at gas stations. They were waiting in long queues day and night to buy gasoline" before the price hike.

[Passage omitted: on increase of price from \$0.08 per liter to \$0.60 per liter, once a new, free ration of 120 liters per month is used up, and on knock-on effect for other food and transportation prices.]

"Since the gas price hike, prices for other goods have also been on the rise," says the woman from Mary Province. "Everything is more expensive now in bazaars: Eggs cost 1,700 manats, and a kilogram of chicken thighs is 37,000 manats." She says that "there is panic among people" and "crowds and queues at gasoline stations."

[Passage omitted: price hike is Berdymukhamedov's first unpopular move, as other actions restored education, opera, and circuses.]

The government's decision to compensate for the gas price hike by allocating a free quota of gasoline appears not to have cushioned the blow. Gurbandurdy Durdikuliev, a civil activist from Balkan Province, says the government's latest move has brought "nothing but suffering." He complains that car owners receive gasoline rations for one vehicle, no matter how many automobiles they have, and says there are "long lines" at the state's Daikhan Bank, which is reportedly the only entity that is authorized to issue the ration coupons. He also notes that drivers must get their technical inspections and registrations in order or they are not entitled to the gasoline rations.

"It is nothing but a headache for people," he says. "They complain. They are not happy. I believe people's lives have gotten worse."

[Passages omitted: on Durdikuliev's prediction that police and officials will grow more corrupt, and on exiled opposition leaders' criticism of the new gasoline policy.]

[Passage omitted: on potential for economic liberalization to bring about a free market and perhaps freedom and prosperity, and on need to bring prices in line with the rest of the world.]

"The previous Turkmen leadership [under Niyazov] set most prices without taking into account economic conditions – they simply made popular decisions," says Murad Esenov, editor in chief of the Sweden-based "Central Asia and the Caucasus" journal, noting that the prices of essentials like flour, fuel, and electricity were far below market rates. "Those who worked in the energy sector or agriculture had virtually no profit from the sale of their products. So purely from an economic point of view, the current revision of prices is a very good economic decision."

Esenov says unpopular moves like raising prices always have negative consequences, adding that the Turkmen government should increase social security measures to protect people from poverty. "There's no other way in economics," he says.

b. Turkmen President's Amnesty Leaves Out Political Prisoners

Original title: *Turkmenistan: President Announces Amnesty, Excluding Political prisoners*

Source: Radio Free Liberty/Radio Free Europe/02/14/08. Copyright (c) 2008. RFE/RL, Inc. Reprinted with the permission of Radio Free Europe/Radio Liberty, 1201 Connecticut Ave., N.W. Washington DC 20036.

Full version: <http://www.rferl.org/featuresarticle/2008/02/22f7cb59-bff7-463f-a27c-d6c30e689021.html>

Turkmen President Gurbanguly Berdymukhamedov has announced the imminent release of 1,269 prisoners – a group that apparently does not include the country's most well-known imprisoned dissidents and human rights activists. The list of prisoners, including 190 women, was published on February 14 in official Turkmen media. They are expected to be released on the eve of Flag Day on February 19. Most of those granted amnesty have been imprisoned for less than three months. But RFE/RL's Turkmen Service reports from

Ashgabat that there are no political prisoners among the latest pardoned inmates, even though some 1,100 of them have been in prison for under three months.

[Passage omitted: on past amnesties since Berdymukhamedov took office, and plans for future amnesties on various holidays.]

The fate of Turkmenistan's most prominent political prisoner, former Foreign Minister Boris Shikhmuradov, remains unclear. Shikhmuradov was charged with masterminding an alleged assassination attempt on Niyazov in November 2002. Many fear he has died in prison. Shikhmuradov's son Bairam, who is the leader of the unregistered Republican Party of Turkmenistan, tells RFE/RL from Moscow that he has not seen his father since late 2002. He and his relatives have tried many times to get information about his fate, but all attempts have failed.

"Unfortunately, the situation has not changed at all. We don't know anything about when he could be released or whether he is alive. It has been five years in January since he was imprisoned," Bairam Shikhmuradov says. "Niyazov said that relatives would be allowed to visit those imprisoned on charges related to [the incident] on November 25 [2002] only after they had served five years in prison. But there has been no progress. We keep writing to Turkmen authorities regularly. But they have never responded. Visits are out of the question."

Human rights activists Annakurban Amanklychev and Sapardurdy Khajiev have been in prison since June 2006 on what human rights groups say are trumped-up charges. The two men were detained along with Ogulsapar Muradova, an RFE/RL correspondent who died in custody a few weeks later, apparently from ill-treatment. Anna Sunder-Plassman of London-based Amnesty International says Amanklychev and Khajiev are considered prisoners of conscience by the rights group, which is sceptical of the practice of prisoner amnesties.

[Passage omitted: on Amnesty International's call for judicial review and a fair retrial for political prisoners, as well as investigation of allegations of torture.]

The country's former chief mufti, Nasrullah Ibn Ibadullah, became the first prominent political prisoner to be released under Berdymukhamedov. Ibadullah was sentenced to 22 years in prison in 2004 for involvement in the alleged assassination attempt on Niyazov. He was released in August 2007 and was allowed to return to work with the state Council for Religious Affairs.

In the most recent mass amnesty, in October 2007, some 9,000 people were pardoned. Among them were Boris Shikhmuradov's nephew and his sister-in-law.

Also amnestied was Geldy Kyarizov, the former director of the governmental association Turkmenatlary (Turkmen Horses) and an internationally renowned breeder of the famous Akhalteke horses. Kyarizov was the subject of numerous clemency appeals to the Turkmen government by rights organizations. He had been held in detention since January 2002 and, according to Amnesty International, has long suffered from poor health. Kyarizov's prison term for alleged abuse of office and negligence was due to expire in April 2008.

[Passage omitted: on Bairam Shikhmuradov's hopes to see his father released along with others jailed on unfair charges.]

c. Outcome Uncertain on Turkmenistan's Work to Amend Religion Law

Original title: What Needs to Change, the Religion Law or Government Actions?

Source: Forums 18 News Service/02/14/08

Full version: http://www.forum18.org/Archive.php?article_id=1088

Turkmenistan has promised to amend its Religion Law, but work on this has not started, Forum 18 News Service has found. Shirin Akhmedova, Director of the state National Institute for Democracy and Human Rights, claimed the process of amending the law would be "transparent" and would involve "international experts." However, she said that the views of local people would be listened to only after Forum 18 specifically asked about this. She refused to say what parts of the law are likely to be amended, when a draft

law may be produced, or if there would be public discussion. She insisted that the country has a "new government" and denied that religious believers face any problems in practising their faith. Religious believers have told Forum 18 that no fundamental changes in religious policy have yet taken place. Many have stated that restrictions they face include not being able to: build or open places of worship; publish or import religious literature; travel abroad (including on the haj pilgrimage to Mecca); share their beliefs; or – for communities the authorities particularly dislike – gain legal status.

3. ECONOMIC NEWS

a. Russian Company Wins Tender to Build Part of Turkmen Pipeline to China

Original title: Russian Contractor Wins Tender for Portion of Turkmenistan-China Gas Pipeline

Source iht.com/Associated Press/Neitral'niy Turkmenistan/02/19/08. Synopsis prepared by OSI Turkmenistan Project.

Full version: <http://www.turkmenistan.gov.tm/en/?idr=4&id=080210a>

Synopsis: Turkmenistan awarded Russian company Stroytransgaz the contract for constructing part of a major natural gas pipeline to China, AP reported, citing the official newspaper *Neitral'niy Turkmenistan*. The project, the cost of which was not cited, will stretch from Turkmenistan's Malai gas field to the border of Uzbekistan. The pipeline – which in total will stretch 1,820-kilometers across Uzbekistan and Kazakhstan, ending in northwest China – is anticipated to have an annual capacity of 30 billion cubic meters.

b. Buried Hill Energy to Drill in Turkmen Caspian Shelf

Original title: Buried Hill Energy Begins Development of Turkmen Caspian Shelf

Source turkmenistan.ru/Turkmen State News Agency (TDH)/02/13/08. Synopsis prepared by OSI Turkmenistan Project.

Full version: http://www.turkmenistan.ru/?page_id=3&lang_id=en&elem_id=12170&type=event&sort=date_desc

Synopsis: The Omani-Canadian company Buried Hill Energy met with Turkmen President Berdymukhamedov on February 12th to discuss exploration of the Turkmen part of the Caspian Sea shelf, turkmenistan.ru reported, citing the Turkmen State News Agency (TDH). The company is about to complete seismic measurements and plans to begin drilling under an earlier agreement. The Turkmen leader called for speeding up the drilling program and noted the importance of using advanced and environmentally-friendly technologies.

Buried Hill Energy also offered assistance in educating Turkmen students at Canada's universities.

c. Nokia Siemens Networks to Supply Mobile Phone Equipment to Turkmenistan

Original title: Nokia Siemens Networks to Supply Equipment for Turkmenistan Cellular Communication Network

Source turkmenistan.ru/02/15/08. Synopsis prepared by OSI Turkmenistan Project.

Full version: http://www.turkmenistan.ru/?page_id=3&lang_id=en&elem_id=12200&type=event&sort=date_desc

Synopsis: Turkmenistan's Ministry of Communication plans to sign a U.S. \$9.2 million contract with the Finnish-German company Nokia Siemens Networks to purchase equipment to add 100,000 mobile phone numbers to the national communications network.

Unless otherwise indicated, all translations have been prepared by OSI's Turkmenistan Project.

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